

NOTICE FOR DIVESTITURE OF THE SHARES BY IRANIAN PRIVATIZATION ORGANIZATION "THROUGH THE OTC & TENDER"

In the execution of the regulations related to General Policies of Principle (44) of the Constitution, the ratifications of the divesting board and on behalf of Iran Municipalities and Rural Managements Organization (for Abadan Power Generation Company) and the contractors of Ministry of Power (for Hasa Power Plant, Shahid Zanbagh Yazd Power Plant and Chabahar Combined Cycle Power Plant), Iranian Privatization Organization is considering to divest the shares of the following firms, observing other conditions stated hereunder, with the preferential shares (in accrue case) at maximum 5 percent of the total divestible shares having been deducted:

Row	Name of the Firm	Divesting Method	Firm's Size	No. of Divestible Shares				Capital million Rials)	Base Value of each Share (Rials)	Total Base Value of Divestible Shares(Rial)	Deposit for Participating in Tender (Rials)	Conditions of Installment Selling			Shareholders & Percentage of their Ownership	Firm's type of activity	Offering date/ opening the envelopes
				Divestible Shares as Block	Preferred & Installment Shares	Total	Total Percentage					The least percentage of cash prepayment	Installment period (year)	Maximum deadline to pay the cash part of price (working days)			
1	Abadan Power Generation Co.	OTC	Very Large	209,000,000	11,000,000	220,000,000	100	200,000	26,727	5,879,940,000,000	176,398,200,000	20	6	20	●Tavanir 100%	Production & selling the electric energy in the electricity market regulations to the real & legal persons, necessary measures to efficiency, optimization & capacity development of the power plant	As in 4-2
2	Railway Installation & Construction Engineering Co. (Ballast)	OTC	Medium	25,991,395	-	25,991,395	68.39	38,005	The TSE Board price on the day of offering (equal to the closing price on the day before the offering date) unless it wouldn't be less than 13,761 Rls (deducting 800 Rls divided profit, after Annual General Assembly, from the previous base price 14,561 Rls.	9,515,969,537		30	4	30	●Islamic Republic of Iran Railways 68.39% ●The staff 5% ● Private sector 26.61%	Preparation & production of Ballast & Other mineral related products, Construction of bridges & buildings, & Construction of railways & road ways & Pier building & rail transportation	
3	Chabahar Combined Cycle Power Plant	Tender	-	100	-	100	100	-	-	2,302,162,000,000	69,064,860,000	10	6	20	●Tavanir 100%	Production & selling the electric energy (production capacity 415 MW)	2, Sep. 2012
4	Shahid Zanbagh Yazd Power Plant	Tender	-	100	-	100	100	-	-	166,281,000,000	4,988,430,000	20	5	20	●Tavanir 100%	Production & selling the electric energy (production capacity 100 MW)	
5	Hasa Power Plant	Tender	-	100	-	100	100	-	-	128,346,463,412	3,850,393,902	10	6	20	●Tavanir 100%	Production & selling the electric energy (production capacity 29.2 MW)	

1. Transaction Conditions:

- 1.1. The above prices are the base shares prices. Undoubtedly, the highest proposed price shall be set as the transaction price.
- 1.2. The applicants must submit their offers regarding the whole divestible shares of each company separately. Evidently, number of the allocated preferred shares by the personnel of the enterprise (if someone be eligible for it) shall be deducted from the divestible shares and the suggested price of winner of the bid in proportion to the allocated shares. The remained shares, then, shall form the basis of the transaction price.
*** Note:** Transfer of the shares shall be carried out according to the mutual contract. Applicants may receive agreement model, notarized power of attorney, guideline of monitoring mode after divesting and 12-fold commitments (for plants), the application form of participation in tender from IPO and for the companies 1 and 2 from Farabourse Iran Company. As far as the IPO is concerned, participation in tender means enjoying the necessary knowledge and acceptance to adhere to the contents of the same. The purchasers are obliged to adhere to the provisions of these documents.
- 1.3. The cash deposit for participation in the tender must be settled by the applicants (only in cash) to the Treasury SIBA Account No. 2170159008002 Branch of state accounts in the IPO name payable in all of the branches of Bank Melli Iran (delaying in deposit and presenting any kind of checks results to reject the offers by the IPO); and the original bank receipt in accompany with the purchase bid must be delivered in two separate envelopes in a sealed package to the Security department at the new building of IPO, located in 7th floor, 10th Nasr building, No. 15, Mahestan St., Iran Zamin St., Phase 1, Shahrake Qods, Tehran until the end of the working hours of Saturday (01, Sep. 2012), in lieu of the receipt.
- 1.4. In order to receive the financial information and form to participate in the bids of the companies, the applicants may refer to the website of Iranian Privatization Organization www.ipo.ir "Companies' information Section" and for more information may call 009821-88083640 and 009821-88085624. To obtain introduction letter to visit the firm, the applicants may refer to the Supply & Marketing Affairs Office located at the IPO, 5th floor or may fax their request to 009821-88083696.
- 1.5. Applications received by the IPO after the stated date shall be invalid.
- 1.6. On installment transactions, it is permitted to buy in cash. In installment transactions, individuals must pay the cash part and the installments according to the information in the above table.
*** Note:** In installment transactions, the interval among installments is 6 months and the interest rate of sales is 15%.
- 1.7. In installment transactions, observing the paragraph 1-8, the shares certificates equivalent the remained installment of traded shares shall be kept by the IPO as Collateral, until the payment of the shares' price is completed. At least equivalent to 50% of remaining debt of installments shall be received assurance documents.
- 1.8. The purchasers are obliged to replace the governmental guarantee issuant in proportion with the purchased shares and releasing the divested shares depends upon the disburse of all the liabilities of the company in the proportion of the divested shares to the Mother Specialized Company and governmental and nongovernmental bank system, foreign exchange reserves and treasury presented in the financial statements which is the basis of the company's shares assessment.
- 1.9. Monitoring mode after divesting the shares shall be according to the guideline of "monitoring mode after divesting the shares" by the divesting Board (dated 1&8 of May 2010).
- 1.10. The purchaser is responsible for any deficit on headings of assets and debt deficit such as the fraction of certain or uncertain tax reserves, social securities insurance, personnel's service redemption and the years of services, accrued interest and fines towards the bank and financial facilities on the report of auditor, controller and financial statements and they don't have any claim about the deficit or excess of the numbers. Also, IPO is not responsible for it at all. Meanwhile these cases are not included in

paragraph (e) of Article (9) of the guideline "How to adjust divesting contracts" subject no. 223913 dated 07, Apr. 2009 and in case of ambiguity on accounts headlines, the purchaser may request the related documents.

- 1.11. The purchaser is responsible for obtaining the sufficient information about the financial, economic, technical and legal status of the divestible company, before the date of the transaction. After divesting, the purchaser has no right to any claim against the organization by virtue of the lack of information about the financial, economic, technical and legal statements and documents and the last status of the accounts and the declared cases and the other information about the divestible shares and the related company.
- 1.12. Under Article 436 of Civil Law, on the supposition of being the defect, Iranian Privatization Organization is renounced from the defects and the purchaser has no right including the right of referring to the organization. The purchaser presents the offered price to purchase the shares during the competitive process based upon his authority. With participating in the tender, the purchaser deprives himself from all the powers, especially fraud even gross fraud. This matter will be inserted in the related contract.
- 1.13. **Considerable for the applicants of Abadan Power Generation Company:**
The shares of Abadan Power Generation Company will be divested on behalf of Iran Municipalities and Rural Managements Organization. Therefore it is not possible to barter the purchaser's liabilities for installment selling of the mentioned company, with the purchaser's claim of the government, except the agreement of Iran Municipalities and Rural Managements Organization on bartering the liabilities of the purchaser with his claim from the mentioned organization.
- 1.14. **Considerable for the applicants of power plants:**
 - 1.14.1. In accrued preferential shares, maximum 5 percent of the total divestible shares will be divested to the personnel of the power plant.
 - 1.14.2. The purchasers of the power plants are obliged to study the liabilities of relevant Regional Electric Companies or their owners in relation with the operation of these power plants and to accept the implementation of its articles. Also they must pay the maintenance costs of the power plant since the divesting time till delivery and transformation.
 - 1.14.3. The price of power generation is within the framework of the law of adjusting subsidies and the purchasers are required to follow it.
 - 1.14.4. The purchaser is responsible to pay the price of any orders which is paid by previous proprietor and they are not at the formal expert assessment or it is for the date after assessment till the time of divesting or it is not delivered to the previous proprietor.
 - 1.14.5. Since Shahid Zanbagh Yazd Power Plant, Chabahar Combined Cycle Power Plant and Hasa Power Plant are only assets and both don't have legal entity, their applicants must have legal entity to transfer the mentioned assets to them.
 - 1.14.6. The previous proprietor of the power plant is responsible for any claim of state organizations including Social Security Organization till divesting time and delivering the power plant.
- 1.15. **Considerable for the applicants of Chabahar Combined Cycle power plant:**
 - 1.15.1. All the costs and revenues related to the Chabahar Combined Power plant, till divesting, belong to the former proprietor.
 - 1.15.2. The purchaser is responsible for any obligations between the previous proprietor of the power plant and Sistan va Balouchestan Power Generation Management, on operation of the power plant.
- 1.16. **Considerable for the applicants of Shahid Zanbagh Yazd Power Plant:**
 - 1.16.1. All the costs and revenues related to the Shahid Zanbagh Yazd Power Plant, till divesting, belong to the former proprietor.

1.16.2. The purchaser is responsible for any obligations between the previous proprietor of the power plant and Yazd Power Generation Management, on operation of the power plant.

1.17. Considerable for the applicants of Chabahar Combined Cycle power plant:

1.17.1. The power plant has 3 gas units FT4C-3FDF built the factory 'PRATT & WHITNEY' in America. Its power is 29.2 MW.

1.17.2. All the costs and revenues related to the Hasa Power plant, till divesting, belong to the former proprietor.

1.17.3. The purchaser is responsible for any obligations between the previous proprietor of the power plant and Isfahan Power Generation Management, on operation of the power plant.

2. Preferred and Installment Shares (in case accrue):

By virtue of the bylaw of Note3, Article 20 of the Amendment Law of the Fourth Development and Implementation plan regarding the general policies of Article 44 of the constitution of Islamic Republic of Iran; it shall be divested maximum five percent (5%) of the preferred and installment shares of firms to the directors, staff and retired individuals of the same firm based upon the following conditions:

- a. The employed directors and staff or the envoys (official or contract personnel) of divestible firms, and also directors and staff of divestible firms who are envoys in other firms and they have at least one year of experience in the related field and also the divestible firm have paid their insurance premium (even non-continued) in that period, possess the qualifications to receive the preferred shares. The directors and the envoys, whom payment of the insurance premium or their superannuation payment are deducted from the source of mission, are not entitled to be divested the shares to. Each qualified individuals who are employed on those investee firms where more than 50 % of their investment belongs to the divestible firm can enjoy the preferred shares.

* **Note1:** Divesting the shares to the employed directors and staff has higher priority; after divesting the shares to them, in case there were divestible shares of firm, the above-mentioned shares shall be divested to the retired individuals of the same firm. The retired individuals are not permitted to use the benefits of justice shares and preferred shares simultaneously.

- b. The amount of the allottable preferred shares to each qualified individuals is (maximum) tenfold of the six-month average of the applicants' last wages and benefits (based upon the legal ordinances) which shall be sold at the base shares price. Receiving the installments, primarily, will be provided from the place of allocative benefit to the shareholders as a part of the debt of the purchasers subject to this bylaw. If during the ceiling of the contract period, paying the installments from the place of annual allocative benefit is not possible and sufficient; the divested company must deduct from the personnel's salaries and benefits equivalent to the debt of them and pay it to the IPO. Obviously, in the case of the separation from the service for any reason, the shareholders must pay the installments themselves.
- c. Preferred share shall be divested only by written request of the applicants. The qualified individuals must submit within 30 days after the publication of the first notice or sending a declaration letter of the conditions of purchasing the preferred shares from IPO to the divestible firm, their request to use the preferred shares along with the complete list of applicants' qualifications which certified by the related firm, the Justice Shares Secretariat and the corresponding branch of the Social Security Organization, as well as the contract sheets to the management of the divestiture and supporting of investment department of the IPO. In case there is received no application to purchase the preferred shares or after allocation of all of the requested shares up to the determined ceiling; observing the regulations, the remained shares shall be added to the block divestible shares.

* **Note2:** The managing director's and the board of directors of the divestible firm are responsible for confirming the names and the amount of price cited in the Legal Ordinances of the personnel.

3. Financial or Non-financial Incentives and Discounts in the Block Controlled Shares for the companies rows 1 and 2:

- 3.1. The purchaser of the controlled shares (the least amount of the shares to determine the majority of the board of directors' members) of the companies 1 and 2 who increase number of the staff of the firm to the extent more than what is recorded in the divesting document during the period of installment, or resort to train and recruitment of extra workforces of other privatized firms in their units, shall enjoy the financial or non-financial incentives as mentioned in the guideline number 63/2/206295 (dated 7, Apr. 2009) and the guideline of "monitoring mode after divesting the shares" by the divesting Board (dated 1&8 of May 2010), if they are qualified.
- 3.2. The qualified purchasers shall enjoy of three types of financial incentives separately: discount in the original transaction price, minimization of the benefit of sale by installment or time discount (it means reviewing on the contract time resulting from lengthening of during the repayment of the installments).
- * **Note:** Granting the financial or non-financial incentives depends upon the presenting the written plan of the purchaser to maintain and increase the level of the current occupation and retraining the firm's staff. Also, using the financial incentives in paragraph (3-2) is possible provided that after divesting, the average annual of the firm's staff numbers increases with regard to the recorded number in the divesting document, considering the alternative people in lieu of the retired and severance compensations during the years after divesting, on condition that reducing the number of employees during the studied period does not never exceed ten percent 10%.
- 3.3. If the qualified purchasers of the controlled shares conclude the measures like the new investment, promotion of efficiency and productivity, production continuity and promotion of its level, promotion of technology and fixing the occupation level in the divestible firm shall be enjoyed the discounts of the guideline of "How to obtain commitments, insert provisions and grant discounts" by the divesting Board (dated 11, Mar. 2009).

4. Other Cases:

- 4.1. The Envelopes containing bids shall be opened at 2 pm on Sunday (02, Sep. 2012) in the IPO, and the bidders or their representatives with the identification and representation decree may participate in the event.
- 4.2. On OTC offering, the certain date of initiation of divesting shall be specified through the statement issued by Farabourse Iran Company and to inform from the certain time of divesting, the applicants may refer to official website of Farabourse Iran Company with the address: www.irfarabourse.com. Initiation of offering is 20 days after the first ads and 13 days after the second ads.
- 4.3. On the OTC divestitures, the purchasers will be allowed to enter the purchase order to the trading system in the case that they settle 3% of the value of transaction shares based upon the base shares price of the advertised shares (in cash or bank guarantee) to the account of Central Securities Depository (CSD) of Iran as a deposit participating in the tender of OTC to guarantee the purchasers' liabilities unconditionally.
- 4.4. The IPO preserves the right to accept or reject all or any of the bids.
- 4.5. In case the winner of the bid fails to pay the cash part of the transaction price and to represent the guarantee documents (in installment transactions), within the deadline of the notification, the winner of the transaction must not have any claim about the deposit and as soon as possible their deposit shall be confiscated to the IPO benefit (after legal deductions).
- 4.6. The applicants undertake not to be prohibited in transactions and they had been paid their installments on time to the bank system and they must not include in the Article 24 of Law on Amendment of Articles of 4th Economic, Social and Cultural Development

- Plan of the Islamic Republic of Iran and Implementation of General Policies of Principle (44) of the constitution (ratified 21, July 2008).
- 4.7. According to Note 4, Article 20 regarding the general policies of Article 44 of the Constitution of Islamic Republic of Iran, on tender divesting shares, the priority of purchase is bestowed upon the cooperative sector, under similar condition.
 - 4.8. The previous purchasers of installment block shares of IPO, who have not paid their installment based upon their contract, are not allowed to purchase the shares again or to attend in the tender bid till settling the previous debt.
 - 4.9. According to the Detection and notification of Passive Defense Organization, if the company's activity involves sensitive issues of security and classification is essential, on managing the company and administering the affairs the purchaser of the block and controlled shares is obliged to observe and implement carefully the relevant regulations from the mentioned organization. Best observing of these regulations results they will be enjoyed from the financial and nonfinancial incentives.
 - 4.10. Nongovernmental public institutions and subsidiaries and affiliated companies that are applicants to purchase the shares are obliged to obey the subject of Article 6 of 4th Economic, Social and Cultural Development Plan and the regulations related to General Policies of Principle (44) of the Constitution and they must not include in it at the time of the transaction. The buyer is responsible for non-observance of it.
 - 4.11. For the financial information, the applicants may refer to Tehran Stock Exchange for the companies 1 and 2, and to obtain introduction letter to visit the firms, the applicants may refer to the Supply & Marketing Affairs Office located at the IPO, 5th floor or fax their request to 009821-88083696.

IPO Website: www.ipo.ir